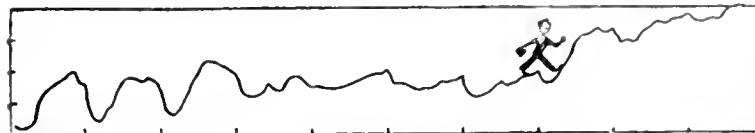


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EMPLOYMENT SECURITY LETTER

Unemployment Compensation
Commission of Montana ★ HelenaBARCLAY CRAIGHEAD, CHAIRMAN
FL-75LOUIS G. DE NAYER AND CARL ANDERSON, COMMISSIONERS
JANUARY 4

JANUARY, 1949



JANUARY FACTS AND TRENDS

- Unemployment Highest Since War's End.
- 10,000 Now Seek Jobless Benefits.
- State-Insured Unemployment Load Will Increase in 1949.
- Construction Hard Hit by Winter.
- Total Benefit Payments Nearly Equal to Collections in 1948.

Unemployment Mounting Rapidly: Just 90 days ago, insured unemployment* in Montana stood at its lowest level in the peacetime history of the state. The count for the week ending October 16, 1948, was 846. By January 22, 1949, it had risen to 9,800 and was still rising rapidly.

More Than 10,000 Now Seeking Benefits: As this goes to press there are more than 10,000 persons unemployed and seeking benefits in Montana. The increase during the week ending January 22 was 600. That was the smallest weekly increase since Christmas. Very probably it heralds the approach of a leveling-off. Last winter the jobless upswing leveled off February 21. Two years ago it commenced to level February 7.

Jobless Benefit Payments Are Surpassing Last Year's Payments: During the last six weeks, unemployment has climbed faster than at any time since the winter of 1945-46 when our entire economy was unseated by a sudden end of the war. Nothing approaching that rate of climb occurred in the first two winters following the reconversion. But now joblessness has been mounting at an accelerated rate and total volume of unemployment and benefits paid this winter will surpass last year's volume by a wide margin.

Seasonality Responsible for Most of Montana's Present Unemployment: Very probably about 90 per cent of the answer to the sharp increase in joblessness in Montana can be found in "seasonality". It is equally probable that it is not the entire answer. Seasonality this winter is being aggravated by the severest weather in a decade and it is more than coincidence that the volume of freezing weather and the volume of unemployment are keeping pace—that has been the history of joblessness in Montana ever since employment security records have been kept and charted. There is a well-established pattern which demands that peace or war, prosperity or depression, unemployment will rise in Montana in November and December and January and February and finally reach a peak in March.

***Footnote on Insured Unemployment:** As used here, "Insured Unemployment," during any given week, includes all those persons, veteran and non-veteran, residing in Montana, who filed notices of unemployment with the Commission and who seek benefits under the Montana Unemployment Compensation Act or any similar act of any other state or the Servicemen's Readjustment Allowance Act. "Insured Unemployment" was conceived for statistical purposes rather than for accounting purposes and therefore is not concerned with the benefit status of an individual but rather is concerned with determining the number of insured persons unemployed at any given time whether or not they are eligible for benefits. Since persons filing notices of unemployment, waiting weeks and ineligible claims are all included in the count of the insured unemployed even though none of them can qualify for compensation for that particular week, it necessarily follows that the count of "Insured Unemployment" will always be greater than the number of persons actually receiving compensation for that same week.

Pattern of Seasonal Unemployment Does Not Vary Much: The pattern doesn't vary much from year to year but the number of persons who are unemployed varies widely. Right now, unemployment is building up to its biggest volume and its highest peak since the reconversion days immediately following the close of the war. And simultaneously the cold and inclement weather is building up to its greatest volume over a comparable period. The unemployment level is very nearly what might have been anticipated had accurate long range weather forecasts been available 90 days in advance. In other words, weather conditions and employment security statistics in Montana are very closely related.

There Is an Upward Limit to the Amount of Unemployment That Can Be Directly Charged to the Weather: While the statistics of weather and unemployment travel arm in arm in Montana, there must come a point where they part company. Somewhere there is an upward limit to the amount of unemployment that can be created in our state economy by weather alone. After six weeks of almost uninterrupted cold we may be very near to that point now. When the maximum of layoffs, directly chargeable to weather conditions, have been made by the industries operating out of doors, then any additional layoffs must be due to factors other than weather.

Flags Are Waving on the Horizon: Right now a few distress signals can be seen waving on the horizon. Most distracting of these wavings come from employment security agencies in states where the factor of seasonality does not bear the same weight or does not mean the same thing as in Montana. Some states where manufacturing is the dominant industry and where a rise in unemployment at this season of year is not normal, are reporting disquieting rises in unemployment. And, in interpreting these rises they are not speaking of seasonality and temperatures as we are in Montana. Rather they are referring to such factors as an approaching balance between supply and demand, excessive inventories, credit restrictions and buyers markets.

National Post-War Battle of Production May Have Been Won: Greatest probability now is that the U. S. economy is catching up with itself. Industry appears, at least on some sectors, to have won the post-war battle of producing enough consumer goods to satisfy the domestic market.

Montana's All-Time Insured Unemployment Low Was Reached 90 Days Ago: Probability now is that the low reached last October will stand unchallenged as the all-time peace-time low for state insured unemployment in Montana. It appears highly improbable that ever again in a peace-time year in the foreseeable future there will be so few claimants against the Montana Unemployment Compensation Trust Fund as there were last October.

Employment Reached Post-War Peak: Nationally and locally, employment was near its zenith last October, after three years of steady post-war climb. In addition, virtually all unemployed veterans who sought jobless benefits in Montana were, then as now, insured under the Veterans Readjustment Allowance Act and were paid out of Federal funds. After July 25, 1949, the Veterans Readjustment Allowance Act, for all practical purposes, will no longer be in effect. Then the entire load will fall on the Montana fund.

State-Insured Unemployment Load Will Increase in 1949: Assuming that the 1949 employment level is as high as the record smashing 1948 level, which, throughout the nation saw an average of 59 million persons gainfully employed and which reached a peak of 62 million, the number of claimants against the Montana fund will probably still increase by 40 per cent because more than half of Montana's veteran claimants are earning wage credits in Montana industry and are insured under the Montana law, surveys conducted by the Commission indicate. To date these veterans have not claimed benefits from the state because the federal weekly benefits have been higher—\$20 as against a maximum of \$18 under state law.

Montana's Nonagricultural Employment Reached Highest Point in 1948: Estimates compiled by the Commission in cooperation with the Bureau of Labor Statistics place the number of wage and salary workers employed in nonagricultural industry in October of 1948 at a peak of 143,000 compared with a peak of 138,000 in 1947; 133,000 in 1946 and 120,000 in 1945. But now it is certain that many months will pass before nonagricultural employment again regains the level that it reached last October.

Construction Hard Hit by Winter: The construction industry appears to have lost most heavily in employment because it was most vulnerable. Going into December there were close to 10,000 workers employed on projects throughout the state. Never before in the winter had there been anything like that many construction workers employed in Montana. When the cold weather clamped down early in December, it found the industry all strung out and it hit hard, particularly in areas of mass employment like Hungry Horse and Billings.

Railroad Maintenance and Oil Drilling Take the Count: A similar situation prevailed in railroad and other outdoor maintenance work. Many Commission employment offices reported a heavy influx of jobless maintenance work-

ers. Oil drilling and exploration crews were almost completely out of business pending what may prove to be the biggest year for petroleum in the history of the state, when the weather opens up and when and if drilling supplies become available in sufficient quantity.

Unemployment in the Woods: For the first time in years, lumber is readily available in Montana retail yards and the unemployment rolls of Missoula, Flathead, Lake, Sanders, Lincoln, Ravalli and other tall-timber counties are heavy with woods workers and mill hands. A lot of this is seasonal. Every January finds the employment curve in the lumbering industry tobogganing down hill—the descent is sharp and generally continues into March where it remains till the spring breakup is over. But that's not the entire answer—employment in Montana's lumbering industry was at a lower level when the winter hit than it was a year ago and throughout the year it failed to measure up to the record employment levels established in 1947.

Readjustment May Be In Progress: The picture is not yet clear but if, as some lumber men believe, production has finally caught up with demand and a readjustment is in the making, it may be that some marginal operators who have found a quick turnover for green lumber will become casualties of the new market conditions. In that event, a downward revision of our concept of what constitutes full employment in the industry may be in order.

Sugar Factories and Retail Trade Contribute Heavily: Montana's five sugar factories completed their run ahead of schedule this year to release in the neighborhood of fifteen hundred workers just as the cold weather was clamping down. And the annual post-holiday employment slump in retail trade has added its hundreds to the total of unemployment.

Rate of Increase of Business Firms: Montana's Business Population, as shown in the Employment Security Index on page four, indicates that the uninterrupted increase in number of firms subject to the Montana unemployment payroll tax is commencing to slow down after three record years. Although the total number of covered industries increased by 850 during 1948, trends were developing which indicated that a leveling is under way. Business births* and revivals* declined 10 per cent from the preceding two years whereas deaths* increased 10 per cent from 1947 and 100 percent from 1946. There was no significant trend in number of changes of ownership.

Experience Rating Brought Nearly \$2 Million Payroll Tax Reduction in 1948: Payroll taxes of \$3.8 million collected by the Commission in 1948 were not the highest but the second highest on record, for a single year's collections. In 1946, collections were greater by a quarter of a million dollars because in that year all Montana employers were taxed at the uniform rate of 2.7% whereas during 1948 variable tax rates averaging slightly under 1.8% were in effect. This reduced tax rate, resulting from the experience rating amendment adopted by the Montana legislative assembly of 1947, relieved Montana's employers of approximately \$2 million in payroll taxes that would have been payable had the rate remained at 2.7%.

Quarter of a Billion Payroll: Aggregate payrolls in Montana's covered industries approximated \$250 million for the calendar year 1948. This represents an increase of about 15 per cent from the \$218 million payroll of 1947. It is also 2½ times the \$99 million payroll of Montana's covered industry in 1939.

Benefit Payments Nearly Equal to Collections in 1948: While the Commission was collecting taxes approximating \$3.8 million in 1948 it was paying out benefits totaling \$3.7 million. Of this total slightly over \$1 ¼ million was paid to unemployed civilians from the Montana Unemployment Compensation Trust Fund. The remaining \$2½ million was paid to unemployed or to self-employed veterans of World War II under provisions of the Veterans Readjustment Act. The state fund was reimbursed for all of the \$2.5 million by the federal government. As a result the balance in the state fund increased appreciably during the year despite the fact that benefit payments nearly equalled income because the federal government paid two out of every three benefit dollars. At the close of business, December 31, 1948, the balance in the fund was \$28.9 million.

Eighty-Four Per Cent of Job Insurance Checks Cashed at Banks or Stores: A recent survey conducted by the Commission indicates that 84 of every 100 unemployed Montana workers who receive state job insurance checks cash them either at banks or stores. Only about one job insurance check in twenty is cashed at a bar, the survey indicated.

***Footnote on Business Population.** "Deaths", as used in the business population statistics on page 4, does not necessarily imply a business failure but rather that the business ceased to employ help. Conversely, "births" means that the business commenced to employ help and thus became subject to the unemployment compensation law, whether or not it was a new business. "Revivals" are previously covered businesses which, after a lapse, again commenced to employ help.

The Montana
Employment Security
Indexes

County	Employment Office	State Payroll Tax Paid by Employers 1st 9 mo. 1948	TAXES			BENEFITS			EMPLOYMENT			UNEMPLOYMENT			
			Benefits Paid Through Com- mission Last Year (1948)			Number of Jobs Filled		Ave. Persons Employed in Covered Industries 3rd Quarter 1948	Number Jobless Persons, Civilian and Veteran Com- bined, Seeking Benefits Week Ending Jan. 15, 1949						
			To Veterans from Federal Funds	To Civilians from State Funds	Total	1947	1948	From Montana Funds	From Funds of Other States	From Veteran Funds	Total	Ratio of State Insured Unemploy- ment to Average Covered Workers			
Beaverhead.....	Dillon.....	\$ 13,146	\$ 19,892	\$ 9,764	\$ 29,646	427	942	635	36	4	37	77	6.05		
Big Horn.....	Hardin.....	13,095	43,088	10,294	63,382	246	299	511	72	6	48	125	14.09		
Biane.....	Chinook.....	12,094	62,750	19,536	82,286	235	505	423	91	1	71	163	21.61		
Broadwater.....	Townsend.....	5,488	14,895	4,638	19,533	717	1,025	228							
Carbon.....	Red Lodge.....	13,357	62,250	30,096	92,346	223	214	560	65	16	54	125	9.82		
Carter.....		1,277	25,442	1,711	27,153			71							
Cascade.....	Great Falls.....	306,139	134,421	105,980	240,401	3,552	3,917	10,375	346	60	314	720	3.33		
Chouteau.....	Fort Benton.....	7,314	45,479	3,339	48,838	121	852	319	9	0	8	17	2.82		
Custer.....	Miles City.....	44,125	30,977	10,802	41,779	1,117	1,693	1,744	64	8	55	127	3.66		
Daniels.....	Scoby.....	5,299	32,234	1,874	34,108	87	371	256	9	0	13	22	3.51		
Dawson.....	Glendive.....	18,014	24,948	3,394	26,622	311	487	895	28	2	38	68	3.12		
Deer Lodge.....	Anaconda.....	62,942	20,957	22,641	43,598	352	292	4,000	38	8	13	59	.95		
Fallon.....	Baker.....	5,415	25,621	2,906	28,527	184	381	223	42	6	47	94	18.42		
Fergus.....	Lewistown.....	35,705	61,196	13,380	74,576	481	633	1,431	57	4	66	127	3.82		
Flathead.....	Kalispell.....	176,825	224,637	191,368	416,006	1,390	1,377	5,851	593	49	297	939	15.24		
Gallatin.....	Col. Falls.....					1,070	2,420		299	21	169	489			
Garfield.....	Bozeman.....	65,488	64,030	27,606	81,636	2,010	2,907	2,960	82	3	37	122	2.77		
Glacier.....	Cut Bank.....	1,119	13,191	1,174	14,365			58							
Golden Valley.....		49,699	78,000	20,713	98,713	166	193	2,097	101	15	88	204	4.81		
Granite.....		394	6,377	1,130	7,507			15							
Hill.....	Flavre.....	9,777	14,310	10,138	24,448			314							
Hill.....		36,027	51,068	9,393	60,465	692	1,088	1,343	45	1	52	98	3.35		
Jefferson.....		6,240	15,823	6,308	21,131			242							
Judith Basin.....		1,952	18,880	1,904	20,784			97							
Lake.....	Polson.....	40,778	92,082	46,102	138,184	1,566	1,029	1,285	223	24	156	403	17.35		
Lewis & Clark.....	Helena.....	131,328	74,698	47,349	122,047	2,307	2,963	4,534	161	5	156	322	3.55		
Liberty.....		2,306	11,594	1	11,608			97							
Lincoln.....	Libby.....	50,763	45,345	28,306	73,651	97	167	1,507	120	10	102	232	7.96		
Madison.....		10,771	27,276	11,801	39,077			396							
McCone.....		2,250	26,024	2,747	28,771			75							
Meagher.....		3,541	5,452	1,173	6,625			155							
Mineral.....		12,620	10,873	2,649	13,522			341							
Missoula.....	Missoula.....	176,616	145,777	91,501	237,273	2,081	2,829	6,440	404	68	282	754	6.27		
Musselshell.....	Roundup.....	26,889	16,770	19,223	35,998	49	73	760	16	3	17	36	2.10		
Park.....	Livingston.....	36,805	40,849	16,930	57,779	627	1,201	1,494	63	20	39	122	4.21		
Petroleum.....		1,977	5,724	0	5,724			60							
Phillips.....	Malta.....	9,762	53,129	10,862	63,991	149	337	405	42	1	43	86	10.37		
Pondera.....	Conrad.....	11,540	33,964	4,055	38,019	122	522	417	9	2	26	37	2.15		
Powder River.....		2,092	12,360	342	12,702			91							
Powell.....	Deer Lodge.....	83,989	13,916	7,418	21,334	298	516	641	32	0	8	40	4.99		
Prairie.....		2,667	14,785	2,162	16,977			128							
Ravalli.....	Hamilton.....	23,955	85,374	42,335	127,709	158	1,622	1,052	239	16	198	453	22.71		
Richland.....	Sidney.....	24,057	60,661	23,299	83,960	438	1,525	981	95	6	75	175	9.68		
Roosevelt.....	Wolf Point.....	18,315	75,374	6,041	81,415	105	567	779	15	1	47	63	1.92		
Rosebud.....	Forsyth.....	5,068	35,211	5,762	61,178	314	516	256	11	1	10	22	4.29		
Sanders.....	Thompson Falls.....	27,269	36,909	28,005	64,914	308	586	814	225	14	111	350	27.64		
Sheridan.....	Plentywood.....	9,032	36,423	5,549	41,972	93	216	383	22	1	24	47	5.74		
Silver Bow.....	Butte.....	397,578	111,111	161,762	272,873	1,273	1,697	12,565	394	80	96	570	3.13		
Stillwater.....		5,031	31,759	2,889	33,679			193							
Sweet Grass.....		4,034	21,356	2,188	23,544			210							
Teton.....	Choteau.....	15,373	38,743	6,689	45,432	85	18	459							
Toole.....	Shelby.....	26,230	21,746	7,397	29,143	927	1,306	969	22	1	37	60	2.27		
Treasure.....		1,213	22,147	339	22,486			80							
Valley.....	Glasgow.....	23,869	44,171	9,782	63,953	868	1,053	903	69	3	58	130	7.64		
Wheatland.....	Harlowton.....	4,376	12,920	1,520	14,440	26	29	178							
Wibaux.....		2,830	10,648	1,028	11,676			103							
Yellowstone.....	Billings.....	296,165	165,777	53,144	158,921			3,766	10,488	32	192	533	2.94		
Mall Claims.....								19,123							
Statewide Employers*.....		646,771													
TOTAL.....		\$2,922,781	\$2,461,414†	\$1,159,467	\$3,638,431	28,141	42,033	102,035	5,045	489	3,653	9,187	4.89		

Estimated Employment of Wage and Salary Workers in Nonagricultural Industry
in Montana

FORECAST

Nov. 1948 Oct. 1948 Nov. 1947 Jan. 1949 Feb. 1949

	Total Businesses	Employing Workers and Report- ing to the Commission Quarterly	1948	1947	1946	1945
Construction.....	10,000	10,600	7,800	5,600	6,200	
Mining.....	11,200	10,900	10,300	11,400	11,500	
Manufacturing.....	18,600	18,800	18,700	16,700	16,900	
Transportation, Communications and Utilities.....	22,200	22,400	21,700	21,200	21,000	
Wholesale and Retail Trade.....	34,200	34,000	33,800	33,000	32,700	
Service Industries and Miscellaneous.....	15,000	15,000	14,400	14,700	14,600	
Finance, Insurance and Real Estate.....	3,400	3,400	3,400	3,300	3,300	
Government, Federal, State and Local.....	27,600	28,000	27,100	27,500	27,400	
TOTAL.....	142,200	143,100	137,200	133,400	133,600	

MONTANA BUSINESS POPULATION

At End of Calendar Year

1948 1947 1946 1945

Total Businesses Employing Workers and Report- ing to the Commission Quarterly	12,523	11,673	10,533	8,956
Business Births and Revivals	2,056	2,266	2,272	1,363
Business Deaths	1,206	1,126	694	811
Business Transfers (Changes of Ownership)	1,598	1,736	1,664	1,047

*Contributions paid by employers operating in several counties whose payrolls cannot be allocated to any one county.

†\$2.9 million in benefits paid to unemployed and self-employed veterans during calendar year 1948 was reimbursed from Federal funds.

UNEMPLOYMENT COMPENSATION
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